

CSDs: Canada CDS (Canada)

Date: 07 Apr 2011

SMI Markets: Canada

CMIRR Markets: Canada

CDS to Introduce Real-time Continuous Net Settlement

The CDS Clearing and Depository Services Inc. (CDS) is working on developing a real-time Continuous Net Settlement (CNS), subject to regulatory approvals. As a result, the existing intraday CNS cycles run in four batches will be replaced by real-time settlement.

The real-time Continuous Net Settlement will allow participants to move positions from CNS to trade-for-trade (TFT) after 3.30pm (when the last CNS batch ends currently) until payment exchange at 4.00pm, providing extra time to move positions between the two settlement environments.

CNS buy-in update notification messages will be received throughout the day as outstanding CNS buy-ins are affected by the real-time CNS settlement process compared to the notification given at the conclusion of each of the intra-day CNS settlement cycles currently.

CDS will introduce a new Hold CNS functionality that will allow participants to prioritise deliveries according to their settlement and/or funding needs. Currently, participants are only able to place holds on TFT trades.

For more information, please refer to the official publication here: [2011 CDS Development Program](#) (Page 5)

CSD Risk Impact

Canada CDS (Canada)

CSD Rating: AA

CSD Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA

Flash Impact = Positive

The introduction of real-time settlement will improve the liquidity for transactions as settlement could occur throughout the day on a real-time basis instead of the existing intraday four-batch settlement arrangement.

Accordingly, the impact on Liquidity Risk is "Positive".

Market Information Impact

Canada

This information affects the data contained in the Settlement sections of the Securities Market Information Service.

Infrastructure Risk Ratings Impact

Canada

Market Rating: AA

Market Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA

Flash Impact = Positive

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Accordingly, the impact on Liquidity Risk is "Positive".

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